

Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-15 SP-02 SOE-02 OMB-01
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FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 6633
INFO AMEMBASSY TOKYO
AMEMBASSY SEOUL

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E.O. 11652: N/A
TAGS: EIND, ELEC, ETRD, TW
SUBJECT: COLOR TV EXPORTS TO THE U.S. -- BACKGROUND
INFORMATION

REF : STATE 016403

SUMMARY: THE STRUCTURE OF TAIWAN'S COLOR TELEVISION INDUSTRY
HAS CHANGED CONSIDERABLY OVER THE PAST FEW YEARS, WITH THE
EXPORT-ORIENTATION TREND CONTINUING IN 1978, THOUGH THE LACK
OF 1978 EXPORT ESTIMATES FROM AMERICAN CTV MANUFACTURERS
(REPORTED EARLIER) MAKES PRECISE ESTIMATES FOR THIS YEAR
DIFFICULT. END SUMMARY.

1. TAIWAN'S CTV MANUFACTURING INDUSTRY, STIMULATED BY THE
FIRST CTV BROADCAST IN 1969, DEVELOPED ON THE INFRASTRUCTURE
LAID DOWN BY THE GROWTH OF THE B & W TV INDUSTRY HERE. IN
ITS PEAK YEAR. 1973, THE B & W TV INDUSTRY MANUFACTURED 4.2
MILLION SETS, OF WHICH 4 MILLION WERE EXPORTED. THIS
EXTENSIVE PRODUCTION NATURALLY STIMULATED CONCOMITANT
GROWTH IN ELECTRONIC COMPONENT MANUFACTURING. THE
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EXISTENCE OF THESE SUPPORTING INDUSTRIES WAS CITED AS
A KEY FACTOR BY GRUNDIG, PHILLIPS, AND OLYMPIC IN
DECIDING TO INVEST IN CTV RELATED PLANTS HERE, RATHER
THAN IN KOREA, HONG KONG, OR SINGAPORE.

2. AS FOREIGN INVESTED FIRMS -- PRIMARILY RCA AND
ADMIRAL -- BRING HOME-MARKET ORIENTED CTV PLANTS ON

STREAM, AND TAIWANESE FIRMS BEGIN CTV EXPORTS, THE INDUSTRY'S STRUCTURE IS RAPIDLY SHIFTING FROM ITS PREVIOUS DOMESTIC-MARKET ORIENTATION TO AN EXPORT ORIENTATION. THIS TREND IS CLEARLY SHOWN IN THE FOLLOWING TABLE:

TAIWAN'S CTV PRODUCTION AND EXPORT					
(UNIT: 1,000 SETS)					
		EXPORTS		EXPORTS/ US EXPORTS/	
YEAR	PRODUCTION	EXPORTS TO US	PRODUCTION TOTAL	EXPORTS	
1974	418	150	138	36 PERCENT	92 PERCENT
1975	335	143	120	42 PERCENT	83 PERCENT
1976	523	215	176	41 PERCENT	81 PERCENT
1977	760(S)	466(S)	333(S)	61 PERCENT	71 PERCENT
		215(C)	165(C)		
1978	1,590	1,300(S PLUS C)	1,100(S PLUS C)	82 PERCENT	84 PERCENT

(S) EQUAL COMPLETE SET (C) EQUAL CHASSIS

SOURCE: PRODUCTION DATA FROM INDUSTRY OF FREE CHINA
EXPORT DATA FROM TAIWAN ELECTRIC APPLIANCE
MFGRS ASS.

IT SHOULD BE NOTED THAT 1977 DATA ARE ESTIMATES AND 1978 ARE UNCLASSIFIED

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FORECASTS.

3. IN ABSENCE OF DATA FROM AMERICAN SUBSIDIARIES, EMBASSY IS UNABLE TO CONFIRM WHETHER GROC'S 1978 ESTIMATES STILL ACCURATELY REFLECT PRESENT MARKETING PLANS. WHAT IS CLEAR, HOWEVER, IS THAT PRESS STORIES ABOUT WIDESPREAD JAPANESE CIRCUMVENTION OF THE OMA'S DIRECT EXPORT RESTRICTIONS THROUGH CTV ASSEMBLY IN TAIWAN HAVE BEEN OVERBLOWN. YET IT IS TRUE THAT AN IRONIC SIDE-EFFECT OF THE OMA HAS BEEN TO ENCOURAGE ENTRY OF BOTH TAIWANESE AND AMERICAN FIRMS INTO THE U.S. MARKET. IN 1976, THE THREE MAJOR TAIWANESE CTV EXPORTERS SHIPPED ONLY 2,400 SETS, WHILE IN 1977 THEY SHIPPED AN ESTIMATED 31,500 SETS (TEAMA FIGURES), AND IN 1978 THEY MAY SHIP AS MANY AS 200,000 SETS. OLYMPIC'S RE-ENTRY INTO CTV MANUFACTURING WAS REPORTED EARLIER.

4. IN 1975, THE GROC ECONOMIC PLANNING COUNCIL PROJECTED THAT AT THE END OF THE NEW SIX YEAR PLAN IN 1981 CTV PRODUCTION AND EXPORTS WOULD REACH 2.1 MILLION AND AND 1.8 MILLION UNITS. DIFFICULTIES IN EXPANDING CTV

EXPORTS TO THE EEC COUNTRIES MAY PLACE A CEILING ON
EXPORT GROWTH MUCH BEYOND THE EPC'S TARGET, BUT
IF PRESENT TRENDS CONTINUE THAT TARGET WOULD BE MET
BEFORE 1981.
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Message Attributes

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Disposition Event:
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